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RUEHRI/AMCONSUL RIO DE JANEIRO BR 0017  
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C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 000072

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DOE FOR GPERSON, CHAYLOCK, CGAY  
TREASURY FOR PETERS, HALL

E.O. 12958: DECL: 02/12/2019  
TAGS: [EPET](#) [ENRG](#) [ECON](#) [EINV](#) [PREL](#) [BR](#) [NI](#)  
SUBJECT: PETROBRAS EXEC SAYS NIGERIA PRODUCING BELOW ITS  
OPEC TARGET

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said it was partly related to oil prices, but was also part  
of a broader strategic plan by Petrobras to focus its  
resources on oil fields offshore Brazil.

15. (C) Ferreira noted that while Petrobras may be interested  
in further Nigerian deep offshore developments, it has no  
plans to move onshore. When asked about the Nigeria-Sao Tome  
Joint Development Zone (JDZ), he said Petrobras (and other  
major oil companies) did not see commercially attractive  
prospects in the area and his company has no plans to explore  
in those waters. However, Ferreira related that every year  
the Sao Tome and Principe President makes a plea to Brazilian  
President Luiz Inacio da Silva asking him to push Petrobras  
to invest in the JDZ, these requests usually coming on the  
margins of meetings between the heads of state of Portuguese  
speaking countries. According to Ferreira, immediately  
afterwards President da Silva contacts the head of Petrobras  
to ask why the company is not doing more in Sao Tome and  
every year the head of Petrobras has to remind da Silva that  
there is not a commercially significant amount of oil in the  
JDZ. That explanation, Ferreira said, usually ends the  
conversation, at least until the next time the two presidents  
meet.

Petrobras on Chinese and Russian Activity in Nigeria  
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16. (C) Ferreira did not see Chinese oil companies as playing  
a significant role in Nigerian offshore oil field development  
now or in the near future. However, he did see Chinese as an  
active threat in oil field service industry. A Petrobras  
subsidiary recently lost a bid to perform seismic survey work  
in Nigeria to a Chinese company. The Chinese were able to

significantly underbid the Brazilians by, Ferreira thought, bringing cheap Chinese labor to Nigeria and ignoring Nigerian local content directives. Ferreira said Russian companies appear particularly interested in the Nigerian natural gas sector, but like other oil company contacts who have mentioned Russian activity, he was unable to point to any specific projects or deals to back up his claim.

#### Ethanol Export Plan Dead; No Help on Refineries

17. (C) A 2005 agreement between the GON and Petrobras to import ethanol into Nigeria from Brazil has failed. After lengthy delays in starting the project, Petrobras had begun loading its first tanker of ethanol in Brazil for export to Nigeria when the Nigerians abruptly ordered the shipment called off. According to Ferreira, the Nigerian National Petroleum Corporation (NNPC) finally realized it had no facilities for storing ethanol, no method for mixing it with gasoline, and no plan to distribute pure ethanol or blended gasoline throughout the country. Ferreira does not expect the ethanol export plan to be revived. In an aside, he noted that NNPC has repeatedly inquired about the possibility of Petrobras building petroleum refineries in Nigeria. Ferreira said his company has absolutely no interest in doing so.

18. (U) This cable cleared by Embassy Abuja.  
BLAIR